

4 NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
STANDARD LEASE

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 11<sup>th</sup> day of August, 2008, by and between National Retail Properties, LP, F/K/A Commercial Net Lease Realty, LP whose address is 450 S Orange Ave, Ste 900, Orlando, FL 32801, as Lessor, and DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

1.1933 acres, more or less, being Lot 3, Block 1, Carmax I.H. 30 Addition to the City of Fort Worth, according to the plat thereof recorded in Cabinet A, Slide 4220, of the Plat Records of Tarrant County, Texas

in the county of TARRANT, State of TEXAS, containing 1.1933 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be twenty-five percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, and such reworking or drilling results in production in paying quantities, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises, but not the bonus paid at the time of execution of this lease.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties

hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 30 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

See Addendum attached hereto and by reference made a part hereof.

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

**IN WITNESS WHEREOF,** this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)  
NATIONAL RETAIL PROPERTIES, LP, *NR*  
a Delaware limited partnership

By: NNN GP Corp., a Delaware corporation,  
as general partner

Signature: *Paul E. Bayer*

Printed Name: Paul E. Bayer

#### LESSOR ACKNOWLEDGMENT

STATE OF FLORIDA  
COUNTY OF ORANGE

This instrument was acknowledged before me on the 21<sup>st</sup> day of August, 2008, by Paul E. Bayer, Executive Vice President of NNN GP Corp., a Delaware corporation as general partner of National Retail Properties, LP, a Delaware limited partnership, on behalf of said corporation.

*Kella Schaible*  
Notary Public, State of Florida  
Notary's name (printed):  
Notary's commission expires:

**Kella Schaible**



**Kella Schaible**  
Commission # DD385420  
Expires March 11, 2009  
Bonded Tidy Pain • Insurance, Inc. 800-385-7019

## ADDENDUM

Attached to and made a part of that certain Paid-Up Oil and Gas Lease dated Aug. 11, 2008, by and between National Retail Properties, LP, a Delaware limited partnership, as Lessor, and Dale Property Services, L.L.C., as Lessee (the "Lease"). Notwithstanding anything contained in the lease to the contrary, the following provisions shall apply to and govern the respective performances of the Lessor and Lessee thereunder and shall govern and control in the case of any conflicts between the provisions in this ADDENDUM and the Lease.

### 17. Additional Royalty Considerations:

(a) Lessee shall, until the effective date of Lessor's election to receive its royalty oil in kind as provided in this Lease, purchase Lessor's royalty oil, paying the market value prevailing therefor in the field where produced on the date produced and run into the pipeline or storage tanks therefor (or if there is no market value prevailing for such field for such date, then the market value prevailing in the nearest field in which there is a market value on such date for such oil, such price to be appropriately adjusted for any differences in grade, gravity and quality), but in no event less than the price being received by Lessee for the sale of its oil produced from the leased premises.

(b)(1) On gas, including casinghead gas and other gaseous substances covered hereunder, produced and saved from the leased premises and sold or used off the premises or for the extraction of gasoline or other product or products therefrom, the market value at the well of Lessor's royalty share provided for herein of the gas so sold or used (or if there is no market value at the well, then the market value prevailing in the nearest field in which there is a market value for such gas, appropriately adjusted for any difference in quality); provided, however, in no event shall the royalty on gas be based on an amount less than the gross proceeds received from any sale of such gas. It is expressly understood and agreed that Lessee shall not in any event sell or contract for the sale of gas for less than the market value at the well of such gas determined as of the date such gas is produced and delivered; provided, however, that for the purposes of this paragraph, the term "market value" shall include any price for the sale of gas under a bona fide contract in an arm's length transaction between a willing buyer and an unaffiliated, uncontrolled and willing seller under no compulsion to sell which contract provides for redetermination of the purchase price of the gas not less often than annually during the term of such contract, or the price for the sale of gas under a contract approved in writing by Lessor.

(b)(2) If the gas from the leased premises should be sufficiently impregnated with gasoline, condensate or other liquid hydrocarbons in suspension that commercial quantities of such gasoline, condensate or other product can be separated from said gas and liquified as a practical lease operation by the installation by Lessee of traps, separators, or other devices ordinarily used in the industry for such purpose, then Lessee agrees and shall be obligated to install such device or devices to the end that so much of said gasoline, condensate or other products as can be separated and recovered through such devices before marketing and Lessor shall receive its royalty as specified above of the gasoline, condensate or other liquified products recovered in such manner, together with a royalty on residue gas in the amount and determined as provided in the immediately preceding paragraph.

(b)(3) If gas, or casinghead gas, or separated gas resulting from field separation, produced from the leased premises is processed by or for the account of Lessee (or any company or other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of the royalties thereon hereinabove provided, Lessor shall receive (1) its royalty share of the market value at the tailgate of the plant of all liquid hydrocarbons recovered and saved in such plant and attributable to gas produced from the leased premises, less its royalty share of the reasonable direct costs (excluding a reasonable amount of amortization and depreciation on pipeline and plant investment and direct overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons, plus (2) a royalty on residue gas resulting from such plant operation attributable to gas produced from the leased premises in the amount and determined as provided in the paragraph immediately preceding the preceding paragraph.

(c) Lessor, at its own expense, reserves the right to provide its own meters to gauge the volume of gas processed and recovered through any plant contemplated by the paragraph or by any other applicable section of this lease.

(d) Lessor shall own and/or be paid the Agreed Royalty Share (as such term is herein after defined) on all gas contracts, take-or-pay contracts, buy-down agreements, and/or underpayment settlements, awards, payments, and/or benefits which arise out of, relate to, or concern gas produced from or attributable to the leased premises. In no event shall the royalty provided for herein, or the market value of gas for royalty purposes, ever bear, directly or indirectly, any deduction for gas contract take-or-pay crediting, amelioration, allocation, deduction, recoupment, or makeup which is not the direct result of a take-or-pay settlement, award, payment, and/or benefit in which Lessor has fully participated to the extent of the Agreed Royalty Share. Agreed Royalty Share shall mean the royalty, based on Lessor's net ownership in any producing lease or unit, provided for in this oil and gas lease for oil, gas, sulphur and all other hydrocarbons described in this lease which is pro rated due to settlement or any other action contemplated in this lease and in this paragraph.

18. Royalty Free of Costs: It is agreed and understood that Lessor's royalty interest will never be charged with any part of Lessee's direct cost of producing, storing, separating, dehydrating, compressing, transporting (excluding common carrier tariffs if the sales price is a market value price at a delivery point significantly removed from the wellhead.) It is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than the price received by Lessee.

19. Royalty Payment Timing: Payment of royalty hereunder after production is obtained from any well on the leased premises or on acreage pooled therewith, shall be made no less frequently than monthly with the first such payment being made no later than ninety (90) days after production is obtained. Unless otherwise herein expressly provided, any royalties or other payments provided for in this lease which are suspended or not paid to Lessor within the time period specified therefore shall accrue interest at the maximum rate permitted by law from the due date until paid.

20. Shut-in Royalty Limitation: Lessee's right to maintain this Lease after the expiration of the primary term of this Lease solely by virtue of the shut-in gas well royalty payment provided for in this Lease is hereby limited to a period of no longer than two (2) consecutive years. Furthermore, the annual shut-in royalty payment during said period after the expiration of the primary term of this Lease shall be calculated at fifty dollars (\$50) for each net mineral acre of land contained in the Lease. No offset or credit shall be allowed for shut-in royalty payments against royalty payments once actual production commences.

21. Operations Defined: Notwithstanding anything to the contrary herein, drilling operations for the purpose of this lease shall be deemed to have been commenced when actual spudding in or re-entry of a well has commenced and each well, upon abandonment (by the removal of the drilling or completion or workover rig from the wellsite), shall be promptly and properly plugged by Lessee in accordance with the rules and regulations of the Texas Railroad Commission. It is also further understood and agreed that the swabbing of a well is not considered a re-working operation under the terms of this lease.

22. Pooling Limitation: Notwithstanding anything to the contrary in this Lease, in the event any portion of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units for the drilling or production of a gas well, then all of the land herein leased shall be included in such pooled unit and any such pooled unit shall not exceed three hundred twenty (320) acres unless otherwise required by lawful spacing rules prescribed for the field in which this lease is situated by any duly authorized authority.

23. Horizontal Severance: At the expiration of the primary term of this Lease, and if this Lease is still in force and effect, this Lease shall terminate as to all depths below 100 feet below the stratigraphic equivalent of the deepest producing formation from which there is production in paying quantities of oil or gas from any well drilled on the leased premises or on acreage pooled therewith. Lessor retains unto itself all of the oil and gas below such depth together with the full rights to explore for, develop, produce, store, and remove oil and gas below such depth in the leased premises.

24. Assignability: Prior to any assignment of this Lease of any rights thereunder, Lessee agrees to notify Lessor of the name and address of the proposed assignee(s) and to obtain Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed, provided that assignments of working interests to officers, directors and subsidiaries of Chesapeake Exploration, L.L.C. may be made without such consent so long as the aggregate working interest in this Lease conveyed by all such assignments does not exceed a ten percent (10%) working interest. Every such assignment or sublease within shall be made without the written consent of Lessor first had and obtained shall be void, and although made with the written consent of Lessor, any such assignment or sublease shall, nevertheless, be void unless it also contains a limitation in favor of Lessor requiring that the written consent of Lessor must be obtained prior to any further assignment or subletting of the rights of Lessee hereunder.

25. Release: Upon expiration or termination of this Lease for any reason as to all or any portion of said leased premises (which shall be deemed to have occurred upon cessation of production for a period of 90 days if Lessee is not conducting operations as provided in Section 5 of the Lease after the end of the primary term), Lessee shall be obligated at its expense promptly to prepare, execute and, within thirty (30) days of such expiration or termination, file in the public records in the county in which the leased premises is located an appropriate release instrument covering all of such expired acreage and to promptly thereafter furnish a copy of the recorded release instrument to Lessor. If Lessee fails to timely record and furnish to Lessor the aforesaid release or partial release instrument, Lessor may give Lessee written demand that such release be filed and a copy of same furnished to Lessor, and if Lessee fails to do so within thirty (30) days after date of receipt of such written demand, then Lessor may execute and file for record such a release or partial release, which release instrument shall be binding upon Lessee, and this Lease shall be deemed terminated as to the lands and depths under said lands, if applicable, covered by such release. The provisions of this paragraph shall apply each time that a termination or forfeiture occurs.

**26. Surface Waiver:** Lessee agrees that no drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well, or other operations of any nature, kind or character whatsoever will be conducted, nor any pipelines or any structures or any type facilities will be constructed upon or under the surface of the herein leased premises. The leased premises shall not in any manner be used by Lessee, its agents, servants, employees or assigns for the purpose of ingress or egress to any other property adjacent to the leased premises.

**27. Compliance with Laws:** All operations conducted by Lessee on the leased premises or lands pooled therewith shall be conducted in accordance with all applicable laws and regulations including environmental laws and in this connection Lessee shall not permit any salt water, oil, or other substance resulting from Lessee's operations to stand on or flow over Lessor's land, but shall confine the same within a pit or pits or in tanks at or near the respective production facilities and shall otherwise handle and dispose of the same in such manner as will prevent pollution and be in conformity with law and with the rules and regulations of the Railroad Commission of Texas or other governmental authority having jurisdiction. All operations of Lessee on the leased premises shall be conducted in such a manner that Lessee shall prevent the contamination of any and all waters on the leased premises whether in surface tanks or any other type of surface storage, in creek beds or river beds, and surface and subsurface potable water bearing strata or formations.

**28. Indemnification:** Lessee agrees to indemnify, defend and hold Lessor (and Lessor's successors and assigns), and the property of Lessor, including the leased premises, free and harmless from any and all claims or demands, liability and costs arising directly or indirectly from Lessee's (or Lessee's employees, agents, and contractors or subcontractors) operations or its occupancy of the leased premises or lands pooled therewith whether caused in whole or in part by the negligence of Lessee or otherwise.

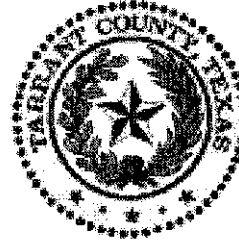
**29. Notices:** Any notice or other communication permitted or required under the terms of this Lease shall, unless otherwise specified, be deemed properly given if in writing and personally delivered, or mailed, by United States registered or certified mail, return receipt requested, postage prepaid, and shall be deemed received when mailed. Said notice to Lessor or Lessee shall be mailed to the appropriate address designated at the beginning of this Lease, or to such other address as may hereafter be designated by either party to the other by written notice.

**30. Lease Contingent on Bonus Payment:** Notwithstanding any provision expressed or implied herein to the contrary, this lease shall not be effective, nor shall this lease nor any notice or memorandum hereof be recorded in the real property records of the county in which the leased premises is located, until the bonus consideration for the Lessor's execution hereof has been received by Lessor.

**31. Addendum Provisions Govern:** The provisions of this Addendum shall supersede and govern the provisions of the lease, wherever those provisions are in conflict with the Addendum. This lease, including the Addendum, shall inure to the benefit of, and be binding upon the parties hereto and other respective heirs, representatives, successors and assigns.

**32. Audit:** Lessor shall have the right, at its expense, to audit Lessee's books and records to verify the amount of royalties owing to Lessor and the costs allocated to Lessor. If such audit reveals that the amount paid to Lessor is incorrect, Lessee shall make an appropriate adjustment in cash within thirty (30) days after the completion of the audit. If such audit reveals that Lessor was underpaid by more than five percent (5%) under the actual amount due and owing to Lessor, Lessee will reimburse Lessor for the cost of such audit.

**33. Books and Records:** Upon written request by Lessor, Lessee shall furnish to Lessor copies of all contracts and agreements pertaining to the sale, disposition, or processing of production from the leased premises together with such accounts, records, documents, reports and summaries as may be necessary or convenient for determining or confirming the payment of royalties as herein provided. Lessee shall keep and will at all reasonable times make available to Lessor, or Lessor's representatives, for review, including audit examination and copying, full, complete and correct records showing operations and expenses on and production from the leased premises (including gross production, heating value for gas, amounts saved, amounts sold, amounts flared, line loss or gain, compressor fuel, plant fuel, sales prices and contractual arrangements for production sold, and amounts and values of all other production), and all sales contracts and other documents and data necessary or useful in the settlement of accounts between the parties including without limitation the calculation of royalty payments.



DALE RESOURCES LLC  
2100 ROSS AVE STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 09/03/2008 04:06 PM  
Instrument #: D208343644  
LSE 6 PGS \$32.00

By: \_\_\_\_\_



**D208343644**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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